Guidance confirmed despite low visibility

Financial Highlights
Q2 2020

Forward-looking statements

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro’s public reports, which are available on the Covestro website at www.covestro.com.

The company assumes no liability whatsoever to update these forward-looking statements or to adjust them to future events or developments.

We will be fully circular

The new vision of Covestro

Alternative raw materials

Biomass, CO_2, used materials and waste can replace fossil resources

Innovative recycling

Energy-efficient technologies allow more used products and waste to be recycled

Renewable energy

Wind and sun: clean energy must power the circular economy

Joint solutions

Cross-industry collaboration is needed to bring the circular economy forward

We will be fully circular

Examples of various Covestro initiatives

Alternative raw materials

Replacing fossil resources
Example Bio-based car top coat

- Enabling customers to optimize the CO_2 footprint of their products
- New hardener for automotive coatings with carbon basis up to 70% from renewable raw materials
- No compromises with regards to protective functions and appearance
- Collaboration with automotive group Audi and the coating experts at BASF Coatings

Innovative recycling

Energy-efficient technologies
Example Recycled polycarbonates

- New polycarbonate grades from post-consumer recycled (PCR) content, e.g. water bottles, CDs and auto-motive lighting
- Closed loop recycling system to collect, sort, shred and clean material
- Recycled granules are finally compounded with virgin resins
- PCR grades are used in various electr. applications for a second life

Renewable energy

Wind energy
Example Ørsted wind energy supply

- World's largest corporate supply contract for offshore wind energy entered with Ørsted in Dec. 2019
- Starting in 2025, Ørsted to provide 100 MW of electricity for 10 years
- Newly built wind farm in North Sea, implemented without public funding
- Supply to cover c. 10% of electricity consumed by Covestro in Germany

Joint solutions

Cross-industry collaboration
Example PUReSmart consortium

PUReSmart

- PUReSmart to seek ways of transition from current linear lifecycle of polyurethane (PU) products to a circular economy model
- Consortium as an end-to-end collaboration spanning the entire PU reprocessing value chain
- Nine partners from six different countries, coordinated by the Belgian company Recticel

Financial highlights Q2 2020

-22.7%
Core volume growth

€125m
EBITDA

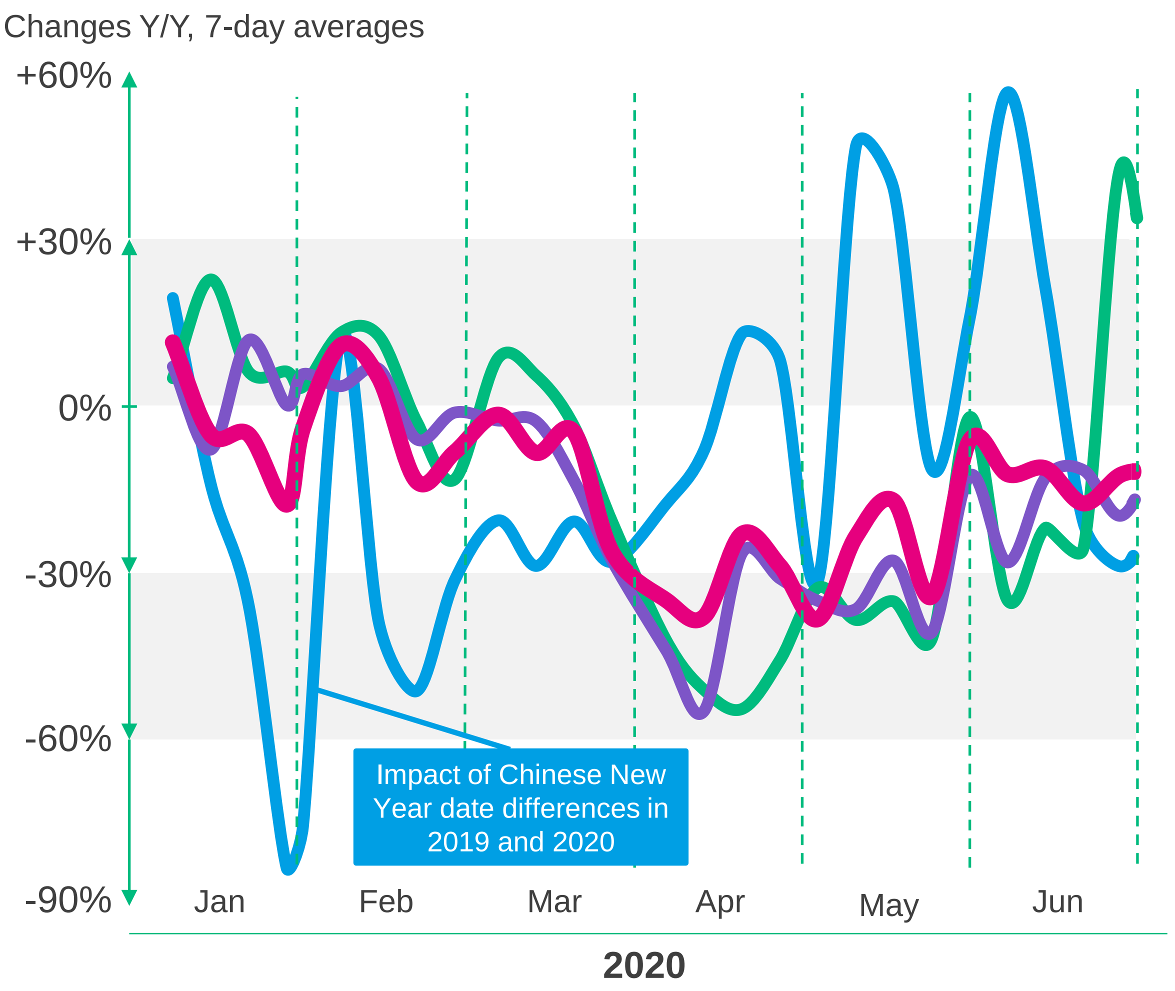
€24m
FOCF

€-0.28
EPS

FY 20
Guidance confirmed

Exceptionally high volatility and low visibility

Covestro core volume development versus prior year



Global
- Strongest Y/Y decline in April
- Sequential improvement since mid-May

China
- Earliest volume impact and recovery globally
- High volatility around pre-pandemic levels

Europe
- Strongest decline Y/Y in mid-April
- Relatively stable upward trend since May

U.S.
- Latest volume impact and recovery globally
- Volatile upward trend since May

Managing the crisis: cost savings, solidarity pact, strong liquidity

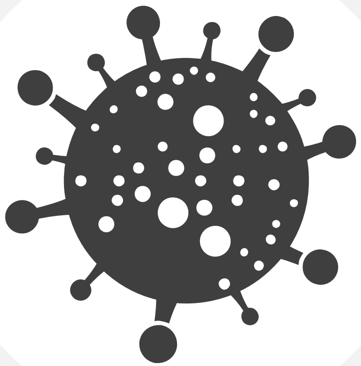
Coronavirus pandemic impact on Covestro

Financial impact in Q2 2020

- Globally, core volumes declined by c. 30% Y/Y in April/May
- Globally, core volumes declines sequentially improved to c. -8% Y/Y in June
- Estimated impact on global core volumes of c. -27% Y/Y in Q2'20, after c. -8% Y/Y in Q1'20

Solidarity pact 2020[b]

- Temporary salary reduction between 6.7% for non-managerial staff and 15% for board members
- Voluntary for managerial employees with very high acceptance of almost 100%
- Pact in place from June until November
- Provisions for 2020 short-term bonuses at zero



Current asset utilization

- EMLA: PUR back to high rate, PCS and CAS at reduced rates
- NAFTA: MDI back to high rate, all other products at reduced rates
- APAC: PUR and PCS back to high rates
- Generally, utilization rates adjusted in line with demand

Management measures in 2020

- Cost savings: short-term savings of >€300m in 2020
- FY headcount target of 16,800 FTE[a] already achieved (-400 FTE vs. year end 2019)
- Capex: reduced by €400m to around €700m in 2020
- Strong liquidity of ~€4.5bn secured, including undrawn €2.5bn RCF

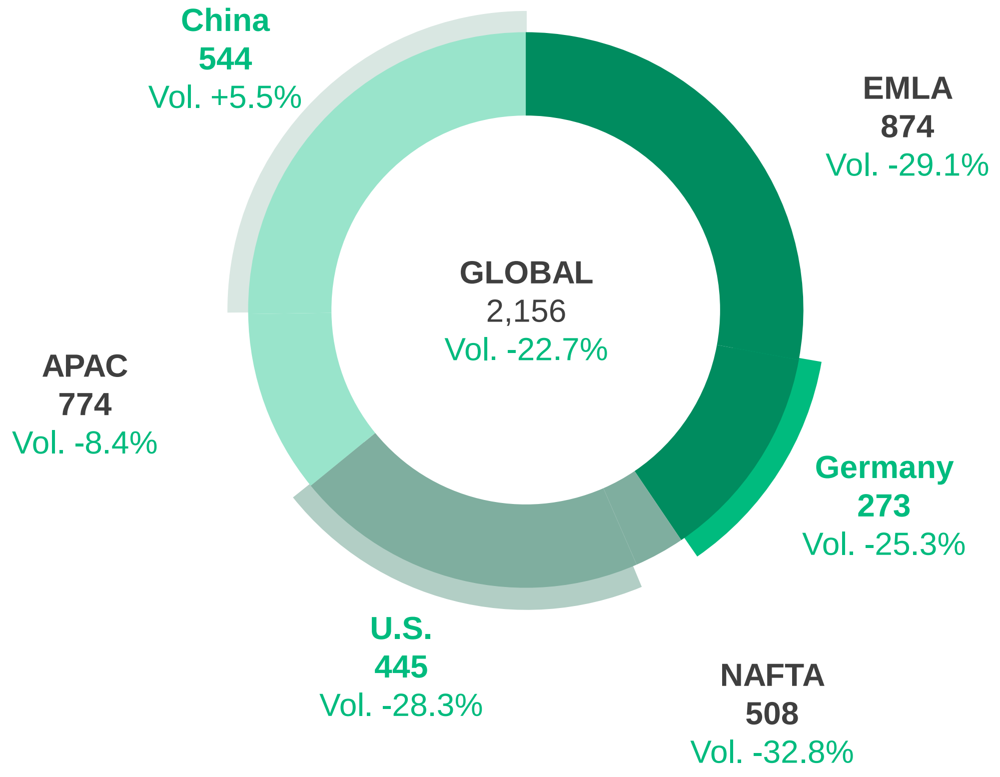
Note: (a) FTE = Full Time Equivalent
(b) Quoted numbers apply for Germany, subsidiaries outside of Germany are implementing comparable country-specific measures

Lower volumes due to global coronavirus pandemic

Q2 2020 – Regional split

Sales and core volume growth[(a)]

in € million / changes Y/Y



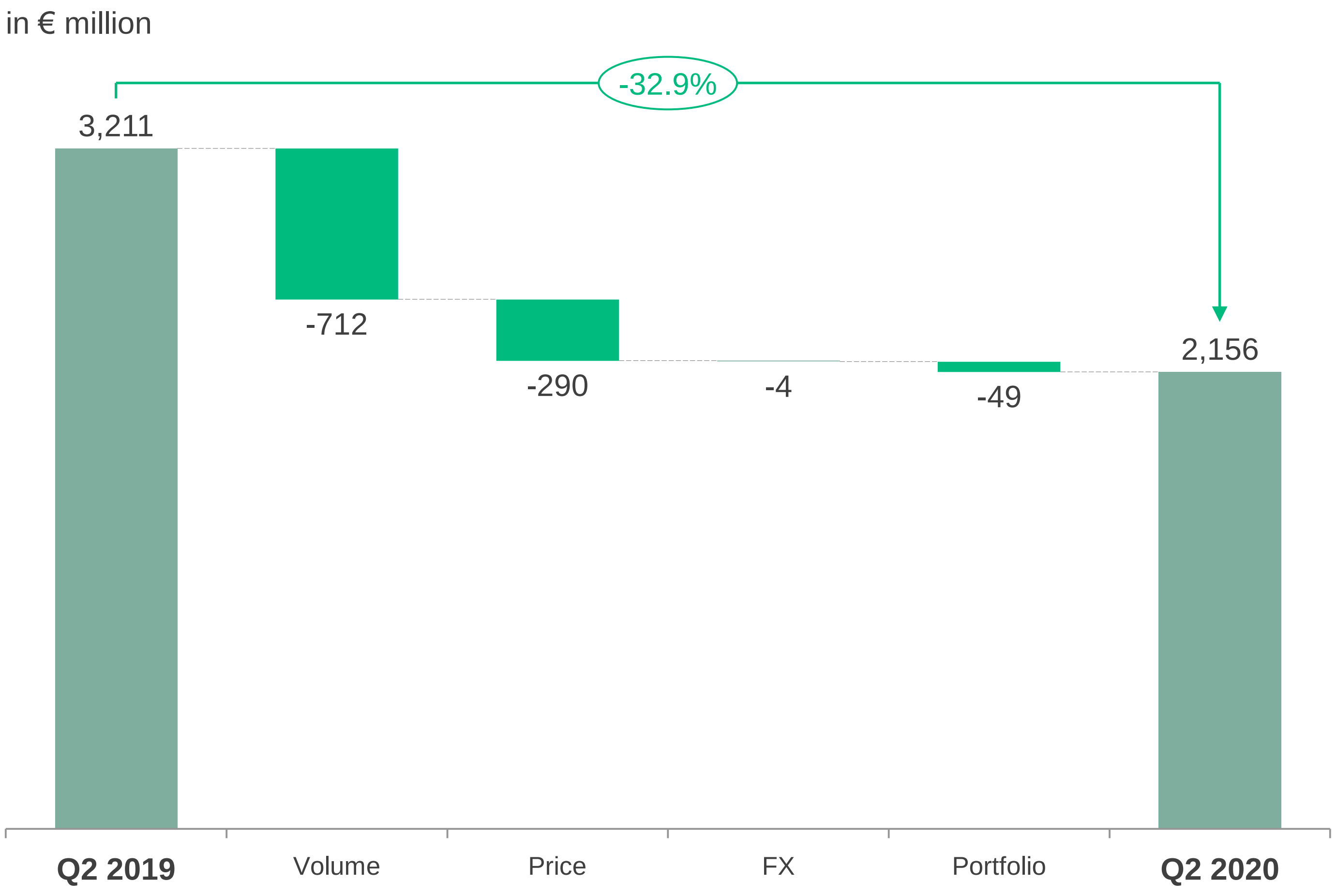
Core volume growth Y/Y

- **Globally** double-digit declines of all key industries
  - Auto/transport c. -50% while China flat
  - Furniture/wood c.-30% while China up double-digit
  - Construction c. -15%
  - Electro c. -15% while China up single-digit
  - Divers c. -10% including medical +25%
- **APAC:** low double-digit declines in auto and electro, single-digit declines in furniture and construction, recovering from peak of coronavirus pandemic in China in February
- **EMLA:** pronounced weakness in auto and furniture, low double-digit declines in electro and construction
- **NAFTA:** pronounced weakness in auto, double-digit declines in all other key industries

Note: (a) Core volume growth not adjusted for portfolio changes

Significant sales decline mainly driven by volume

Q2 2020 – Sales bridge



Highlights

Significant volume decrease

- Negative volume impact of coronavirus pandemic led to 22.3% Y/Y sales volume decrease (in €)

Negative pricing

- Lower selling prices, mainly in PUR and PCS, negatively impacted sales by -9.0% Y/Y

Positive FX

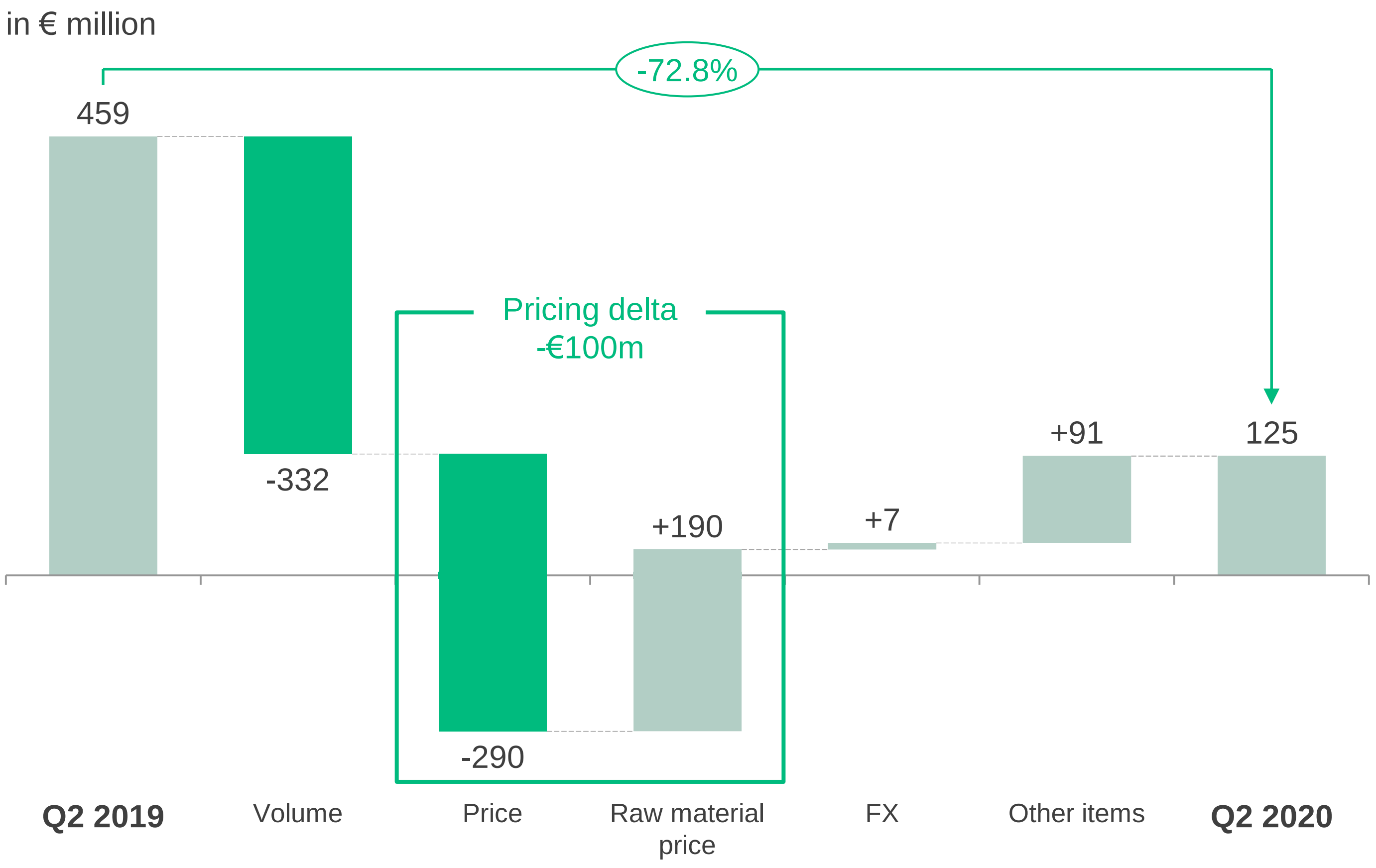
- FX virtually unchanged at -0.1% Y/Y driven by EM currencies' weakness, helped by a stronger USD

Portfolio changes

- Slight negative impact of -1.5% Y/Y
- PUR: European system houses divested as of 1st November 2019 (Q2 2020: €-18m)
- PCS: European sheets divested as of 2nd January 2020 (Q2 2020: €-31m)

EBITDA strongly burdened by lower volumes

Q2 2020 – EBITDA bridge



Highlights

Negative volume leverage[a]

- Relatively high negative volume leverage of 47% due to unfavorable product mix effect

Decline in contribution margin

- Negative pricing delta, mainly in PUR due to competitive pressure

Positive FX

- Positive effect of +1.6% Y/Y, mainly driven by transactional effects

Other items

- Short-term cost savings contributed positively
- Provisions for 2020 short-term bonuses at zero
- “Other items” at €+110m excluding prior year one-time gain of €19m in CAS[b]

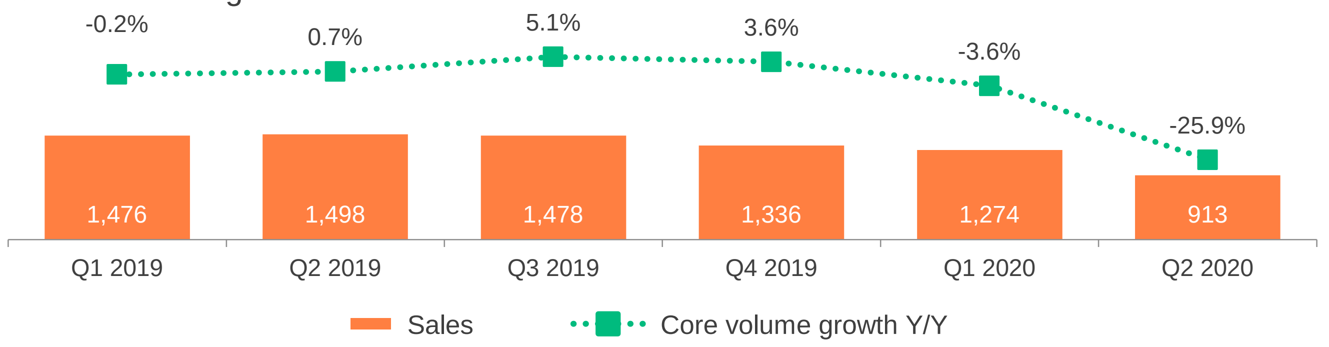
Note: (a) Method of calculation: EBITDA volume contribution / sales volume contribution
(b) Positive effect from stake increase in DIC Covestro Polymer Ltd. (DCP), a thermoplastic PU business (CAS) in Japan, as of 1st April 2019

Polyurethanes – Polyols pushes segment into loss

Segment results – Highlights Q2 2020

Sales and core volume growth

in € million / changes Y/Y

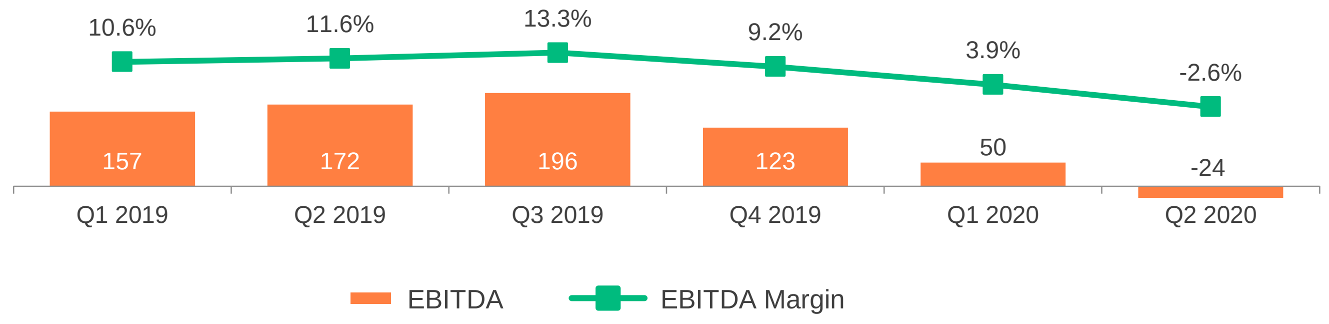


Highlights

- Core volume decline (in kt) of -25.9% Y/Y, driven by polyols, TDI and MDI
- Double-digit Y/Y core volume declines in all key industries as consequence of global coronavirus pandemic
- Sales decreased by -38.7% Y/Y, driven by volume (-24.8%) and price (-12.3%)

EBITDA and Margin

in € million / margin in percent



Highlights

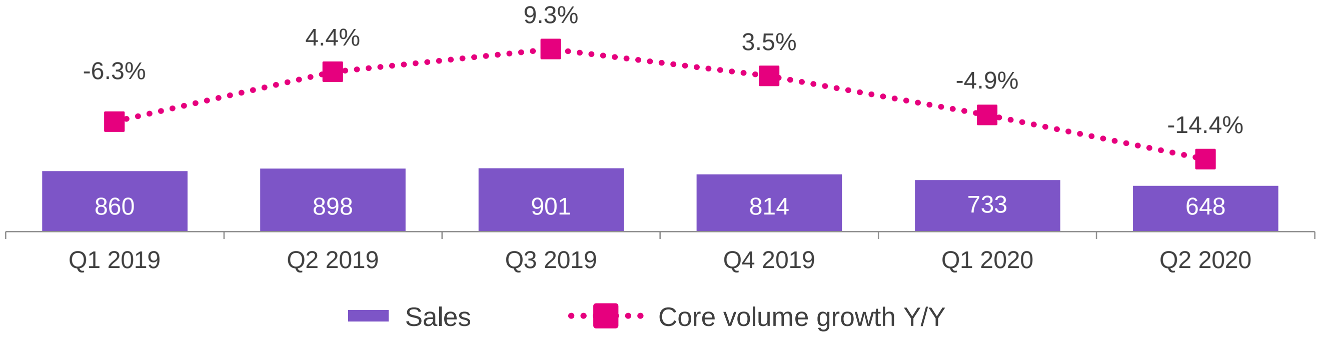
- EBITDA turned negative, reflecting a pronounced volume decline and negative pricing delta compared to prior year
- Polyols earnings burdened by lower volumes, take-or-pay contracts and competitive pressure

Polycarbonates – double-digit margin maintained

Segment results – Highlights Q2 2020

Sales and core volume growth

in € million / changes Y/Y

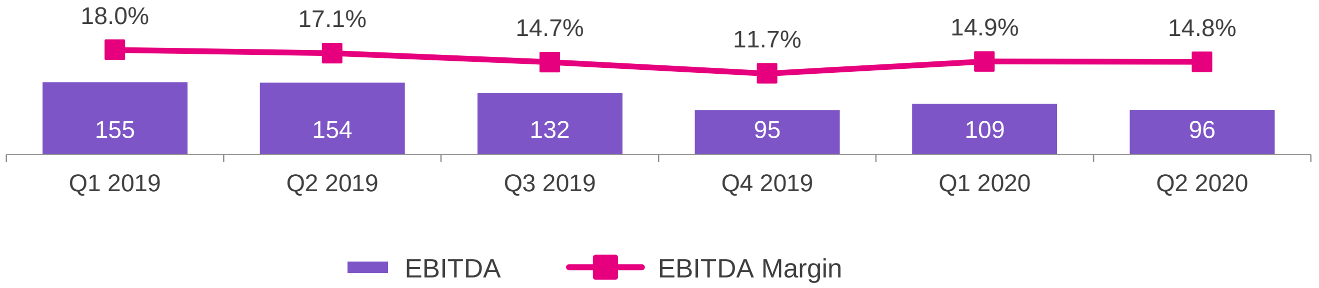


Highlights

- Core volume decline (in kt) of -14.4% Y/Y driven by all key industries except construction, supported by new customer wins
- China posted double-digit volume growth Y/Y while coronavirus pandemic heavily burdened EMLA and NAFTA volumes, both double-digit declines Y/Y
- Sales decreased by -27.8% Y/Y, driven by volume (-16.4%) and price (-7.8%)

EBITDA and Margin

in € million / margin in percent



Highlights

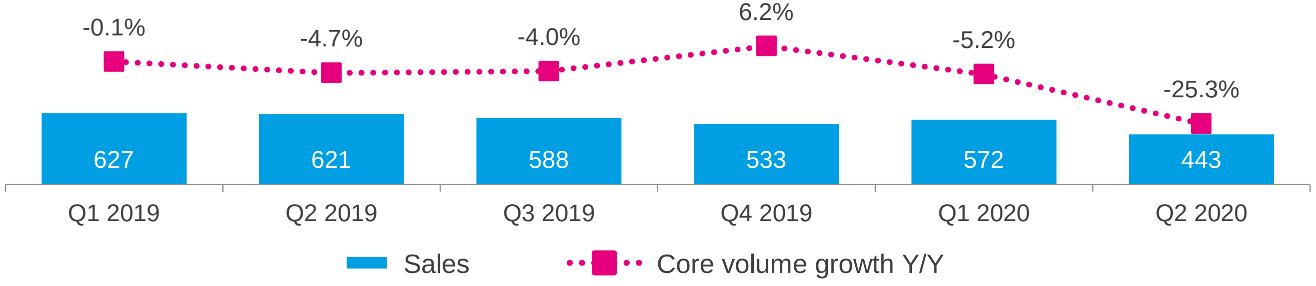
- Compared to prior year, EBITDA decreased Y/Y due to lower volumes and negative pricing delta
- Sequentially, EBITDA margin was maintained virtually unchanged at 14.8%

Coatings, Adhesives, Specialties – high negative volume effect

Segment results – Highlights Q2 2020

Sales and core volume growth

in € million / changes Y/Y

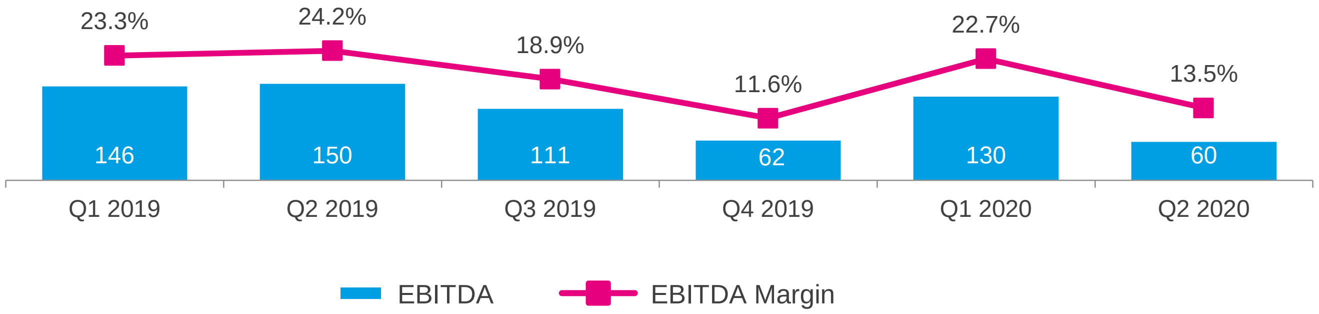


Highlights

- Demand affected by coronavirus pandemic and continued automotive weakness led to negative core volume growth of -25.3% Y/Y
- Sales decreased by -28.7% Y/Y, largely driven by volume (-25.8%) and price (-3.2%)

EBITDA and Margin

in € million / margin in percent



Highlights

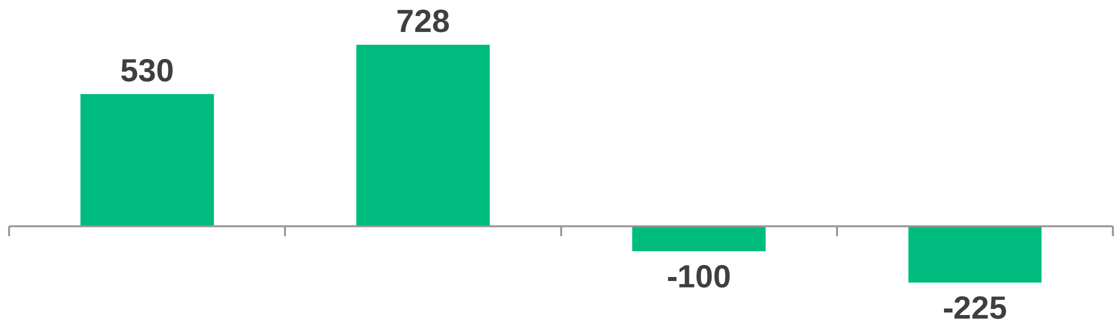
- Compared to prior year, EBITDA decreased by 60% due to negative volume leverage
- Prior year earnings included one-time remeasurement gains of €19m from DCP[(a)]
- EBITDA margin burdened by high volume declines, only partially offset by lower costs

Note: (a) Positive effect from stake increase in DIC Covestro Polymer Ltd. (DCP), a thermoplastic PU business (CAS) in Japan, as of 1st April 2019

Relatively stable FOCF despite significantly lower EBITDA

Historical FOCF development per half year

in € million



	HY 2017	HY 2018	HY 2019	HY 2020
EBITDA	+1,694	+2,048	+901	+379
Changes in working capital	-710	-625	-98	-239
Capex[(a)]	-166	-241	-384	-286
Income tax paid	-62	-335	-223	-102
Others	-226	-119	-296	+23

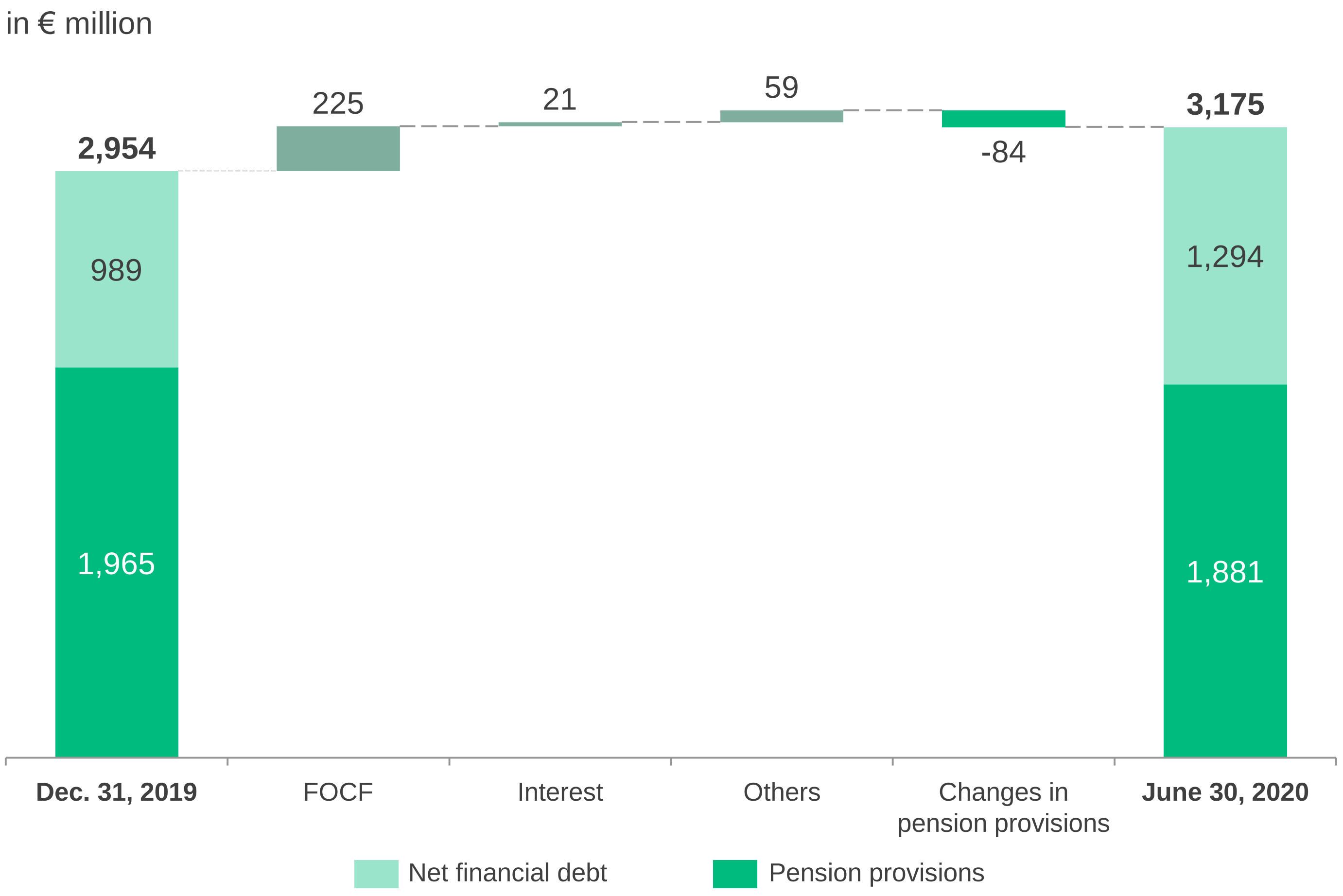
Highlights

- Positive FOCF of €24m in Q2’20 (€-55m in Q2’19) despite massively negative impact of pandemic
- EBITDA decline of ~€500m reduced FOCF in HY’20
- Working capital to sales ratio[(b)] at 19.9%
- Working capital impacted by negative contribution from lower payables, reflecting lower feedstock prices and volumes
- Strict inventory management continued, even slight Y/Y reduction of stock levels in kilotons
- Capex of €286m on track toward FY 2020 guidance of around €700m
- Income tax paid of €102m despite P&L tax income of €25m due to phasing of payments
- „Others“ mainly driven by significantly lower cash out for short-term bonuses (~€40m in Q2’20 vs ~€350m in Q2’19)

Note: HY = Half Year
Working capital includes changes in inventories, trade accounts receivable and trade accounts payable
(a) Cash-relevant capex
(b) Method of calculation: WC on June 30, 2020, divided by sales of last four quarters

Solid balance sheet and strong liquidity position

June 30, 2020 – Total net debt



Highlights

- Total net debt to EBITDA ratio(a) of 2.9x end of Q2 2020 vs. 1.8x end of 2019
- Equity ratio of 42% end of Q2 2020 vs. 46% end of 2019
- Committed to a solid investment grade rating

Liquidity at attractive rates

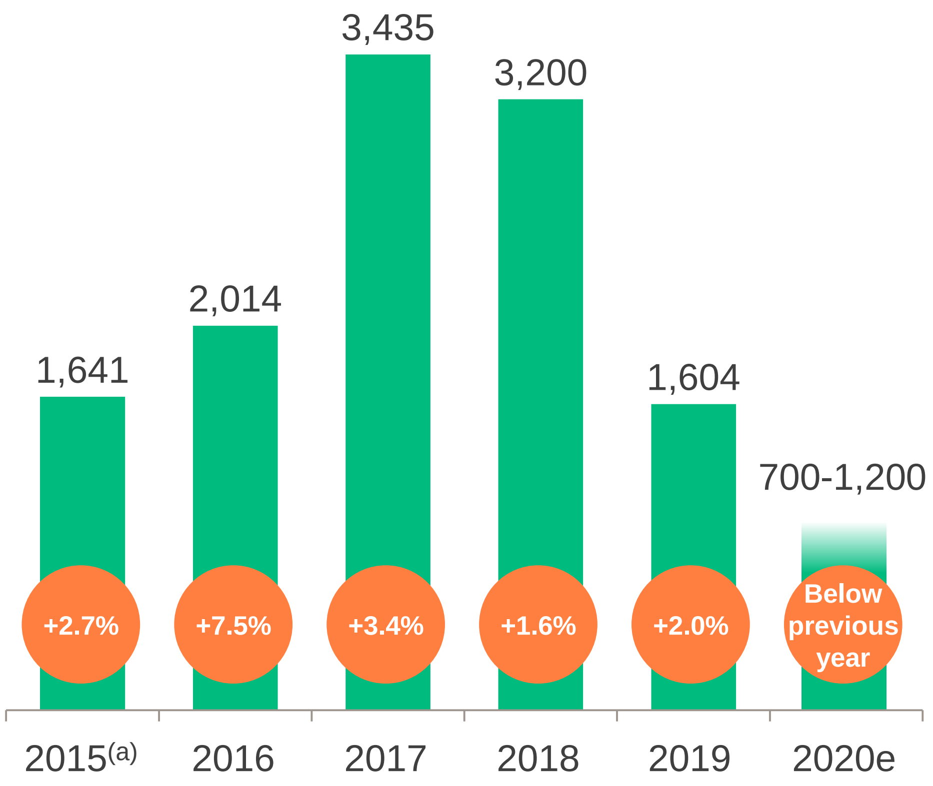
- Balance sheet with ~€2.0bn in cash, cash equivalents and current financial assets, partially funded through:
  - Short-term working capital lines of €0.4bn
  - European investment bank (EIB) loan of €0.2bn for R&D activities
  - Two Eurobonds issued, total amount of €1.0bn
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element

Note: (a) Method of calculation: Total net debt on June 30, 2020, divided by EBITDA of last four quarters

Approaching trough levels

Historical EBITDA development and FY 2020 guidance

in € million,
Core volume growth in %



EBITDA bridge assumptions for FY 2020

EBITDA reference FY 2019: €1.6bn
- Pricing delta: minus ~€0.35bn[b]
- Others: plus ~€0.1bn
- FX: neutral

EBITDA based on stable volumes Y/Y: ~€1.35bn
- Volume leverage: 1pp change in core volumes equals around +/- €50m
- FX sensitivity: 1pp change equals +/- €6m for CNY/EUR and +/- €4m for USD/EUR

Scenarios for core volume growth and margin development

High-end scenario
- Core volumes decline mid-single-digit Y/Y and margin slightly up[b]

Low-end scenario
- Core volumes decline low-double-digit Y/Y and margin slightly down[b]

Note: (a) EBITDA 2015 on adjusted basis
(b) Based on margin levels in June 2020
Basic assumptions FY 2020: Exchange rate of EUR/USD ~1.10, EUR/RMB ~7.9 and a global GDP decline of ~6% Y/Y

Guidance confirmed despite low visibility

FY 2020 guidance

	FY 2019	Guidance FY 2020
Core volume growth	+2.0%	Below previous year
FOCF	€473m	€-200 to +300m
ROCE	8.4%	-1% to +4%
Additional financial expectations	**FY 2019**	**Guidance FY 2020**
EBITDA FY	€1,604m	€700 – 1,200m
D&A	€752m	~€770m
Financial result	€-91m	~€-120m
P&L (effective) tax rate	26.8%	24 – 26%
Capex[(a)]	€910m	~€700m

Note: (a) Cash-relevant capex
Basic assumptions FY 2020: Exchange rate of EUR/USD ~1.10, EUR/RMB ~7.9 and a global GDP decrease of ~6% Y/Y

Guidance confirmed despite low visibility

Highlights Q2 2020

1. **Global coronavirus pandemic drove down core volumes**
   with strongest volume impact in April and sequential improvement since mid-May

2. **Q2 EBITDA was above market expectations**
   due to better than expected cost management

3. **Broad-based set of measures implemented to manage the crisis**
   including short-term cost savings, solidarity pact and strong liquidity position

4. **FY 2020 guidance confirmed**
   despite highly uncertain economic environment

5. **Dividend for FY 2019 of €1.2 per share proposed to Annual General Meeting**
   coming up as virtual event on July 30, 2020

Appendix

Upcoming IR events

Find more information on covestro.com/en/investors

Reporting dates

October 27, 2020	Q3 2020 Interim Statement
February 23, 2021	2020 Annual Report

Annual General Meeting

July 30, 2020	Annual General Meeting (virtual)

Broker Conferences

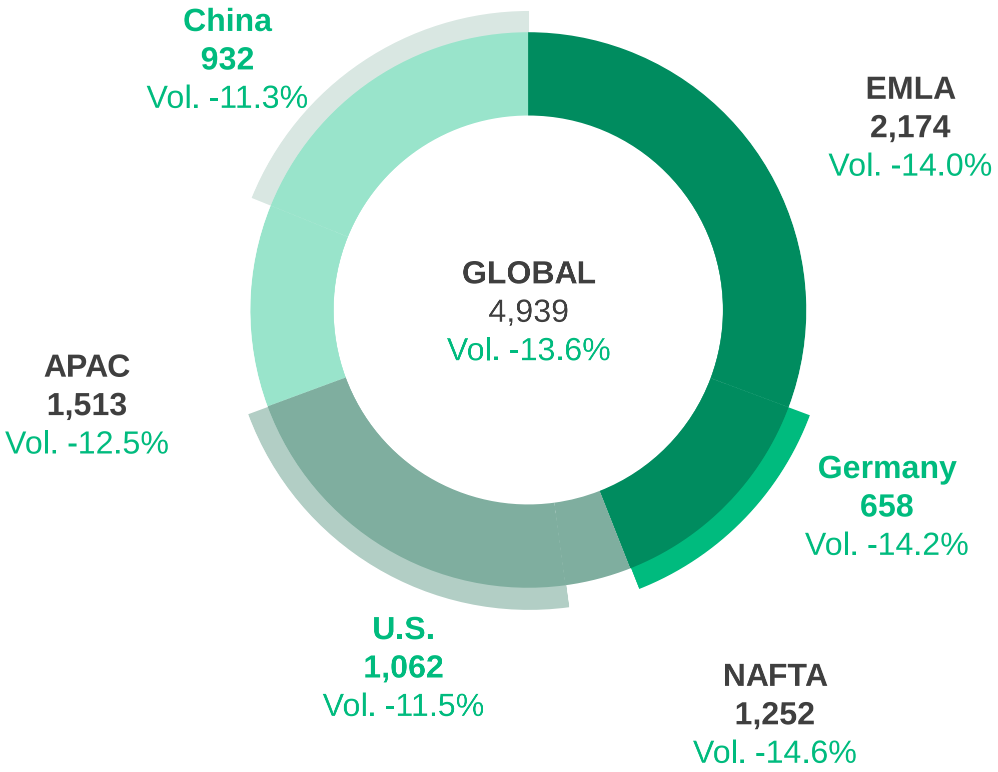
August 5, 2020	Jefferies Industrials Conference (virtual)
September 1, 2020	Commerzbank Sector Conference, Frankfurt
September 15, 2020	Credit Suisse 31st Annual Basic Materials (virtual)
September 21 & 24, 2020	Baader Investment Conference, Munich

Lower volumes due to global coronavirus pandemic

HY 2020 – Regional split

Sales and core volume growth[(a)]

in € million / changes Y/Y



Core volume growth Y/Y

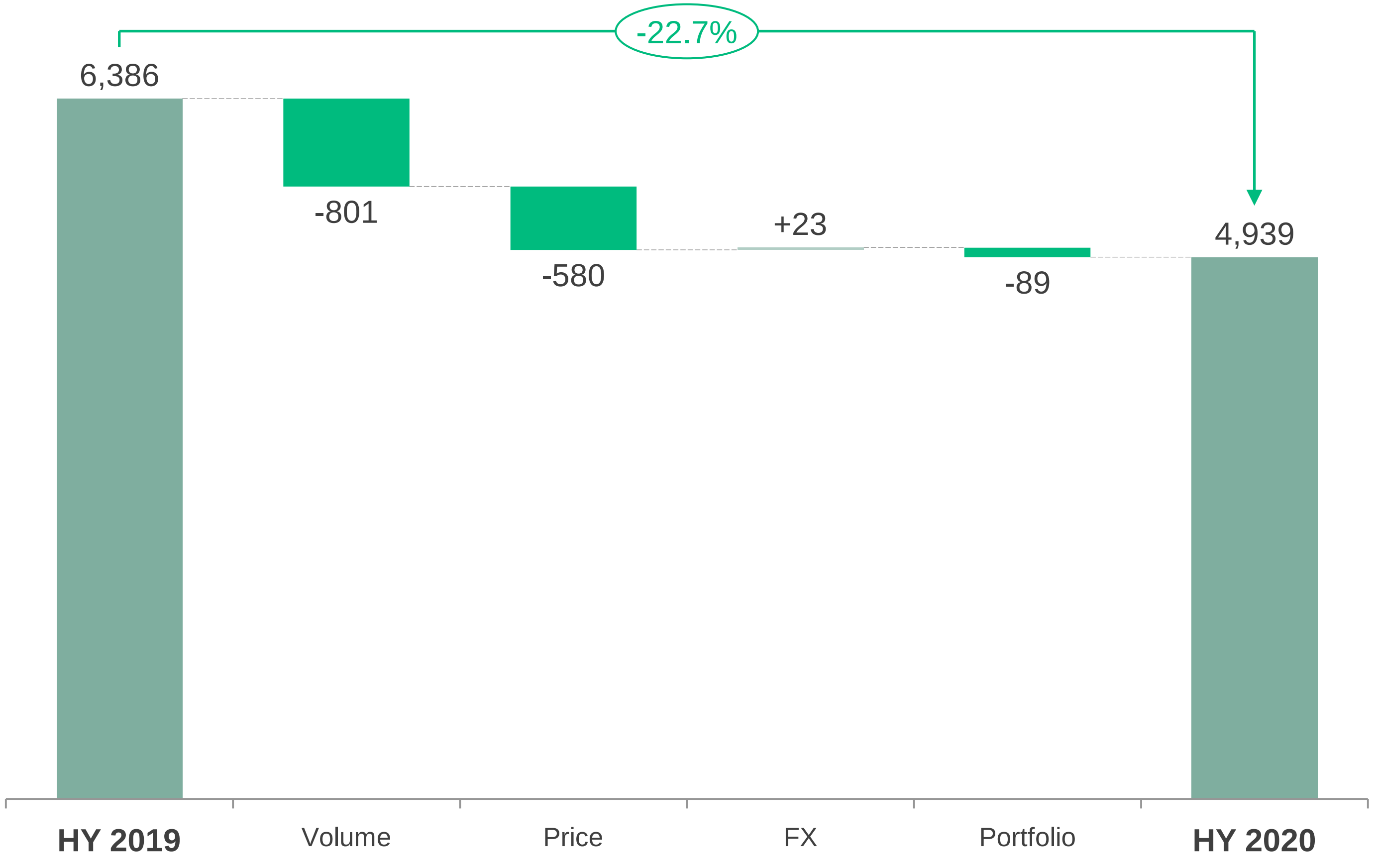
- Globally, volume declines in all key industries
  - Automotive/transportation c. -30%
  - Furniture/wood c.-15%
  - Construction c. -10%
  - Electrical/Electronics/Appliances c. -15%
  - Divers c. -5% including Medical +15%
- **APAC:** low double-digit declines in auto, electro and furniture, single-digit decline in construction
- **EMLA:** pronounced weakness in auto and furniture, low double-digit decline in construction and single-digit decline in electro
- **NAFTA:** pronounced weakness in auto, double-digit declines in electro and single-digit declines in furniture and construction

Note: (a) Core volume growth not adjusted for portfolio changes

Significant sales decline driven by volume and price

HY 2020 – Sales bridge

in € million



Highlights

Significant volume decrease

- Demand shock due to coronavirus pandemic led to 12.5% Y/Y sales volume decrease (in €)

Negative pricing

- Lower selling prices, mainly in PUR and PCS, negatively impacted sales by -9.1% Y/Y

Positive FX

- FX nearly unchanged at +0.3% Y/Y

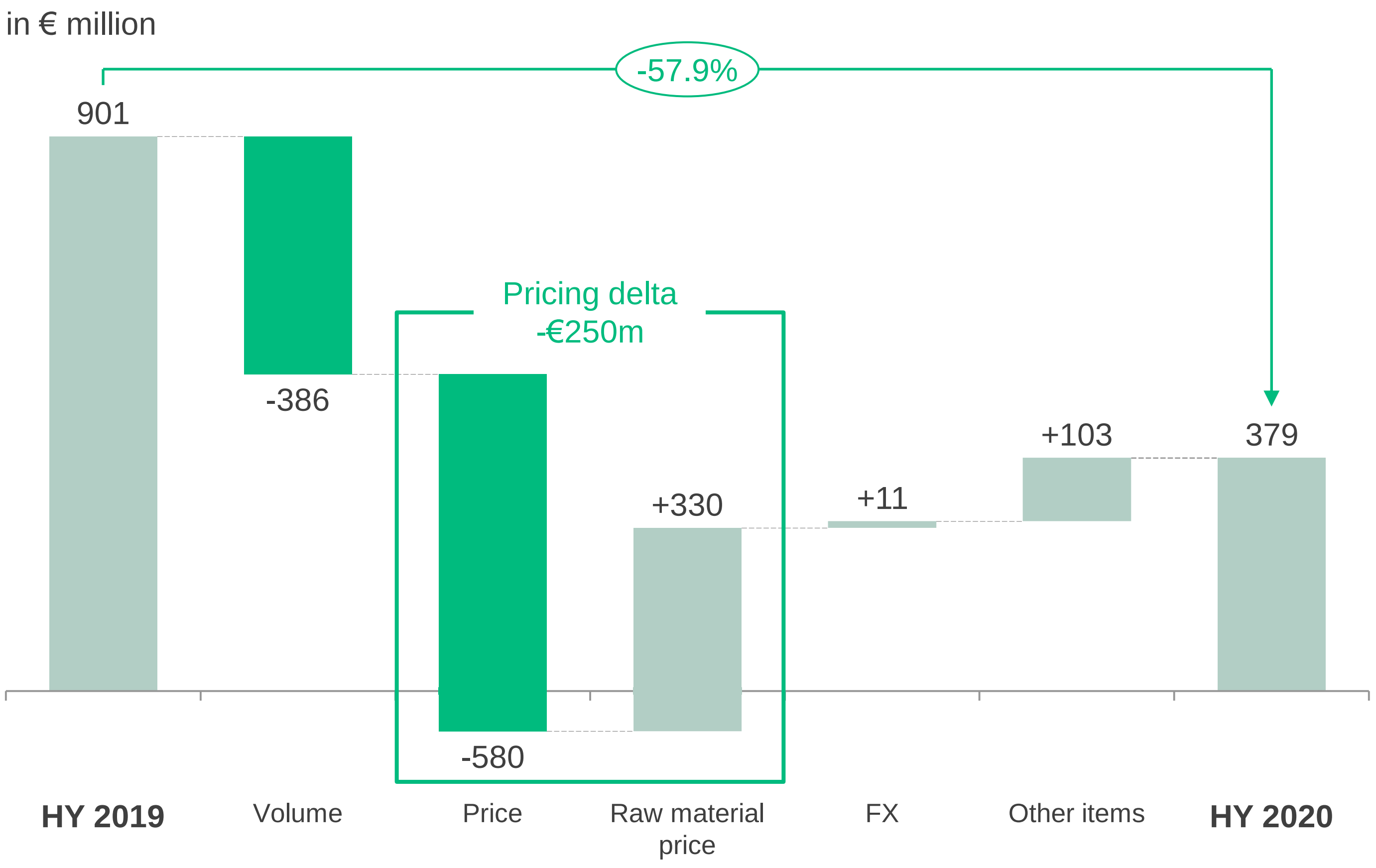
Portfolio changes

- Slight negative impact of -1.4% Y/Y
- PUR: European system houses divested as of 1st November 2019 (1H 2020: €-34m)
- PCS: European sheets divested as of 2nd January 2020 (1H 2020: €-62m)
- CAS: Thermoplastic PU business DCP[a] fully consolidated as of April 1, 2019 (Q1 2020: €7m)

Note: (a) Positive effect from stake increase in DIC Covestro Polymer Ltd. (DCP), a thermoplastic PU business (CAS) in Japan, as of 1st April 2019

EBITDA burdened by lower volumes and negative pricing delta

HY 2020 – EBITDA bridge



Highlights

Negative volume leverage[a]

- Relatively high negative volume leverage of 48% due to unfavorable product mix effect

Decline in contribution margin

- Negative pricing delta, mainly in PUR due to competitive pressure

Positive FX

- Positive effect of +1.2% Y/Y

Other items

- Short-term cost savings contributed positively
- Provisions for 2020 short-term bonuses at zero
- Prior year earnings included one-time remeasurement gains of €19m from DCP[b]

Note: (a) Method of calculation: EBITDA volume contribution / sales volume contribution
(b) Positive effect from stake increase in DIC Covestro Polymer Ltd. (DCP), a thermoplastic PU business (CAS) in Japan, as of 1st April 2019